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SUBJECT: SOVIET AID AND TRADE PLANS FOR PORTUGAL

REF: A) MOSCOW 5845; B) LISBON 2257 (NOTAL); C) MOSCOW 2480 (NOTAL)

1. SUMMARY: ARTICLE IN SOVIET ECONOMIC PUBLICATION MAPS OUT SOVIET AID AND TRADE PLANS FOR PORTUGAL. THESE INCLUDE ASSISTANCE IN DEVELOPING ALUMINUM AND CEMENT INDUSTRIES THROUGH EXPLOITATION OF NEPHELINE DEPOSITS, RECONSTRUCTION OF A COAL MINE, POSSIBLE ASSISTANCE IN CONSTRUCTION OF LIMITED OFFICIAL USE

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NATION'S FIRST NUCLEAR POWER STATION. EXTENSIVE ASSISTANCE

FOR PORTUGUESE FISHING INDUSTRY WILL BE CARRIED OUT UNDER INTERNMENTAL AGREEMENT AND WILL INCLUDE TRAINING IN USSR, JOINT RESEARCH AT SEA. GOOD MARKETS REPORTED TO EXIST IN USSR FOR TRADITIONAL PORTUGUESE EXPORTS. SOVIETS MAY BUY PORTUGUESE HIDES AND EXPORT NEWSPRINT TO PORTUGAL. TOTAL OF NINETEEN SOVIET FOREIGN TRADE ORGANIZATIONS PLAN TO EXHIBIT AT UPCOMING LISBON FAIR. IN EMBASSY'S VIEW, WITH FEW EXCEPTIONS ARTICLE PROVIDES REASONABLY FACTUAL OUTLINE OF MOST OF SOVIET PLANS FOR ECONOMIC RELATIONS WITH PORTUGAL OVER THE NEAR TERM. END SUMMARY.

- 2. MOST DETAILED ARTICLE ON SOVIET AID AND TRADE PLANS FOR PORTUGAL WHICH EMBASSY HAS NOTED IN SOVIET PRESS TO DATE HAS APPEARED IN MAY 5 ISSUE OF TASS ECONOMIC/COMMERCIAL NEWSLETTER VESTNIK. ARTICL NOTES THAT RECENT SOVIET-PORTUGUESE NEGOTIATIONS WILL, IN NEAR FUTURE, RESULT IN IMPORTANT AGREEMENTS WHICH WILL PERMIT ESTABLISHMENT "CLOSE BUSINESS COOPERATION" BETWEEN PORTUGAL AND USSR. AMONG MAIN POINTS:
- A) AGREEMENT EXPECTED ON SOVIET ASSISTANCE TO PORTUGAL FOR CONSTRUCTION OF ENTERPRISES FOR SMELTING OF ALUMINUM AND FOR PRODUCTION OF CEMENT FROM NEPHELINE DEPOSITS AT MONSHICA. THIS WILL INVOLVE USE OF ADVANCED SOVIET TECHNOLOGY, WITH WHICH PORTUGUESE TECHNICIANS HAVE ALREADY BECOME ACQUAINTED THROUGH VISITS TO A FACTORY IN LENINGRAD. IT WILL BE NECESSARY FOR DELEGATION OF SOVIET SPECIALISTS TO VISIT PORTUGAL TO SELECT LOCATION FOR CONSTRUCTION OF ENTERPRISES. PRELIMINARY AGREEMENT HAS ALSO BEEN REACHED ON TRAINING OF PORTUGUESE SPECIALISTS IN LABORATORIES AND INDUSTRIES IN THE USSR.
- B) PORTUGUESE ALSO INTERESTED IN SOVIET ASSISTANCE FOR RAPID DEVELOPMENT OF THEIR SIGNIFICANT DEPOSITS OF PYRITES AND LIGNITES.
- C) SOVIET-PORTUGUESE COOPERATION IS PLANNED FOR RECONSTRUCTION OF SOFT COAL MINE AT ALJUSTREL.
- D) ANOTHER POSSIBILITY IS SOVIET-PORTUGUESE COOPERATION LIMITED OFFICIAL USE

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IN PEACEFUL USES OF ATOMIC ENERGY THROUGH SOVIET ASSISTANCE IN THE CONSTRUCTION OF PORTUGAL'S FIRST ATOMIC REACTOR.

E) SOVIET ASSISTANCE TO PORTUGAL IN AREA OF FISHING INDUSTRY WILL GIVE PORTUGAL BENEFITS OF VERY ADVANCED SOVIET METHODS AND TECHNOLOGY WHICH WILL HELP COUNTRY'S TRADE AND ALSO IN TRAINING OF PERSONNEL (PREPARATION OF CADRES). THE TWO CUNTRIES PLAN TO SIGN INTERGOVERNMENTAL

AGREEMENT ON FISHING INDUSTRY AND PELIMINARY AGREEMENT HAS BEEN ATTAINED ON ADVANCED TRAINING OF PORTUGUESE SPECIALISTS IN THE USSR SO THAT THEY CAN LEARN SOVIET TECHNIQUES. PORTUGUESE WILL ALSO ATTEND SOVIET INSTITUTES FOR FISHING INDUSTRY. JOINT RESEARCH ON SCIENTIFIC-RESEARCH SHIPS ALSO PLANNED, ALONG WITH REGULAR EXCHANGE OF SCIENTIFIC INFORMATION AND THE RESULTS OF RESEARCH IN THE FISHING INDUSTRY.

F) PORTUGUESE FIRMS WILL TAKE PART IN INTERNATIONAL FISHING EXPOSITION "INRYBPROM-75" WHICH WILL TAKE PLACE IN LENINGRAD IN AUGUST.

G) ON BASIS OF CONCLUSION IN 1974 OF FIRST SOVIET-PORTUGUESE TRADE AGREEMENT WHICH INCLUDES MOST-FAVORED-NATION TREATMENT, CONDITIONS FOR EXPANSION OF SOVIET-PORTUGUESE TRADE NOW EXIST. THERE IS GOOD SOVIET MARKET FOR TRADITIONAL PORTUGUESE EXPORTS. FOLLOWING RECENTLY CONCLUDED SOVIET PURCHASE OF 1.5 MILLION RUBLES WORTH OF PORTUGUESE SHOES, NEGOTIATIONS FOR NEW LARGE DEALS ARE NOW UNDERWAY. SOVIETS MAY BUY PORTUGUESE HIDES AND SKINS AND PORTUGUESE MAY BUY SOVIET NEWSPRINT.

H) TOTAL OF NINETEEN (19) SOVIET FOREIGN TRADE ORGANIZATIONS WILL TAKE PART IN LISBON INTERNATIONAL FAIR THIS YEAR, FIRST TIME THAT USSR HAS PARTICIPATED.

3. COMMENT: EMBASSY EVALUATES ARTICLE AS A REASONABLY FACTUAL OUTLINE OF SOVIET PLANS FOR ECONOMIC RELATIONS WITH PORTUGAL OVER THE NEAR TERM. IT IS FULLY POSSIBLE THAT OTHER PROJECTS, STILL MARKED CONFIDENTIAL, ARE ALSO ON THE DRAWING BOARDS. SOVIET ASSISTANCE IN DEVELOPMENT OF PORTUGUESE NEPHELINE DEPOSITS WAS ORIGINALLYDISCUSSED DURING VISIT TO MOSCOW IN FEBRUARY BY PORTUGUESE SECRETARY FOR INDUSTRY AND LIMITED OFFICIAL USE

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